

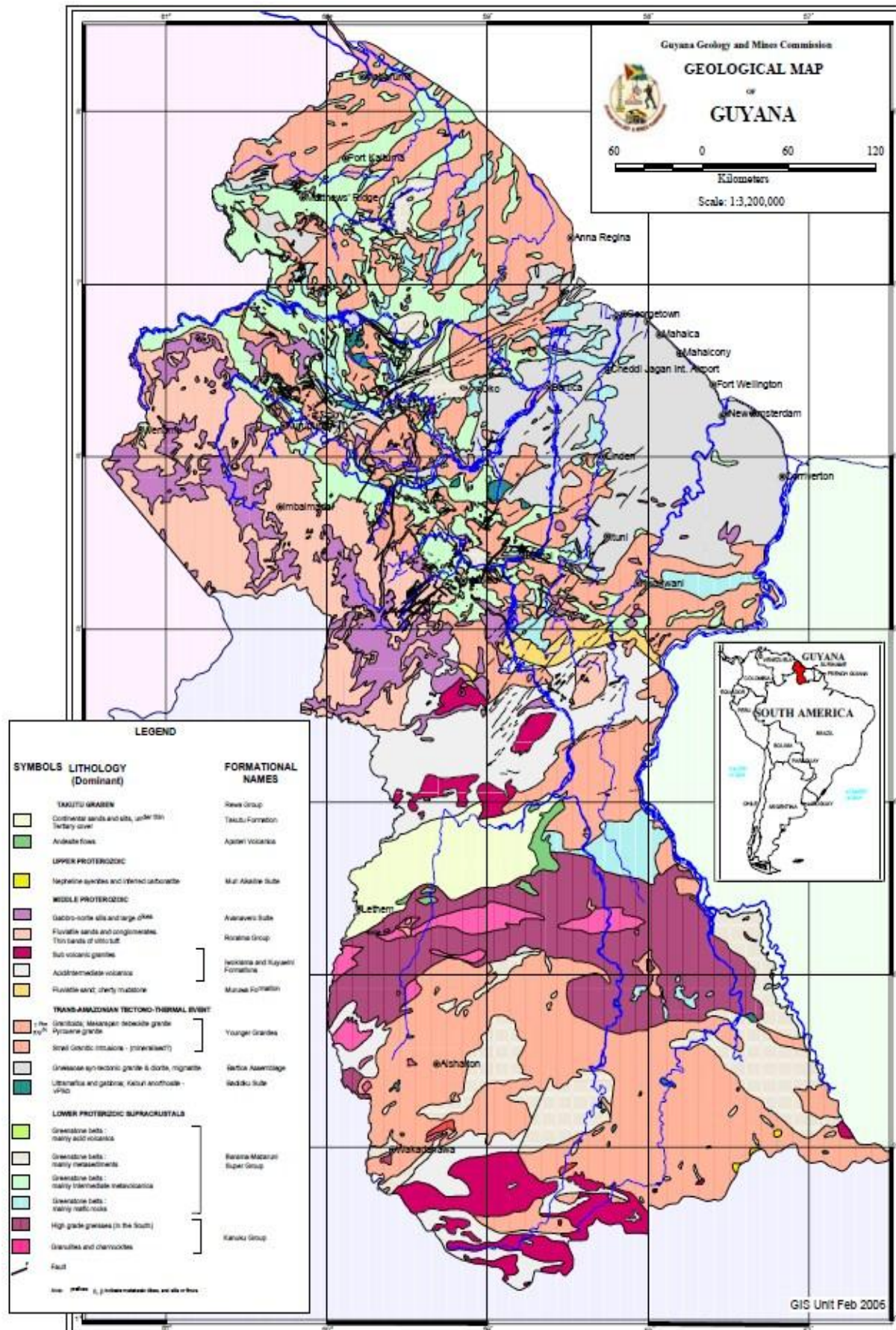


# **GUYANA GOLD BOARD**

## **2019 Annual Report**

**MINISTRY OF NATURAL RESOURCES**





# MINISTRY OF NATURAL RESOURCES

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## **LETTER OF THE TRANSMITTAL**

**August 26, 2020**

**Honourable Vickram Bharat M.P**

Minister of Natural Resources

Ministry of Natural Resources and the Environment

Upper Brickdam,

Georgetown

Guyana

**Honourable Minister Bharat,**

In accordance with Section 17 of the Guyana Gold Board Act 1981 (Chapter 66:01), the Board of Directors is submitting to you the Annual Report of the Guyana Gold Board along with the Audited Financial Statement for the year ended December 31, 2019.

With the Highest Regards on behalf of the Board of Directors,

**Eondrene Thompson**

**General Manager**

## **CORPORATE INFORMATION**

### **AUDITORS**

#### **Audit Office of Guyana**

63 High Street, Kingston  
Georgetown, Guyana.

#### **Maurice Solomon and Co**

92 Oronoque Street, Queenstown  
Georgetown Guyana

### **LEGAL ADVISORS**

#### **Attorney General Chambers**

39 Carmichael Street,  
North Cummingsburg,  
Georgetown, Guyana.

### **REGISTERED OFFICES**

#### **Main Office**

133 Crown Street, Queenstown  
P.O. Box 12204  
Tel. No.: 225-3173  
Fax No.: 225-4963  
E-mail: ggb@gol.net.gy

#### **Sub Office**

First Avenue, Bartica  
Region 7, Guyana  
Tel No.: 455-0072  
Fax No.: 455-0073

### **BANKERS**

#### **Bank of Guyana**

1 Avenue of the Republic  
Georgetown, Guyana.

#### **Citizen Bank (Guyana) Limited**

6 First Avenue, Bartica  
Region 7, Guyana

**Republic Bank (Guyana)**

**Limited**

38 Water Street, Robbstown

Georgetown, Guyana.

## **GUYANA GOLD BOARD**

**Establishment** (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Section 3)

The Guyana Gold Board is hereby established as a body corporate, and the provisions of the First Schedule shall have effect as to the constitution of the Board and other matters related thereto.

### **Commencement**

By Order No. 24 of 1982, the Guyana Gold Board commenced operations on May 15, 1982.

**Functions** (Extracted from Guyana Gold Board Act 1981 Chap. 66:01 Section 4)

It shall be the functions of the Board –

- a) to carry on the business of trading in gold.
- b) to always secure an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices.
- c) subject to this Act, to purchase all gold produced in Guyana.
- d) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana.
- e) to engage in other commercial or industrial activities.

## **MINISTER RESPONSIBLE AND THE BOARD OF DIRECTORS**

**The Honourable Vickram Bharrat, M.P.**

Minister of Natural Resources

### **Board of Directors:**

Mr. Gabriel Lall	-	Chairman of the Board of Directors
Mr. Hewley Griffith	-	Vice Chairman
Mr. John Yates	-	Director
Mr. Andron Alphonso	-	Director
Ms. Theresa Foster	-	Director
Mr. Newell Dennison	-	Director
Ms. Eondrene Thompson	-	General Manager



## **CHAIRPERSON'S REPORT**

In spite of several testing situations, the Guyana Gold Board was able to record some continuing positives in 2019. The board of directors delivered on its obligations by leading the way, making some tough calls, and closely and consistently being involved in several crucial operational areas in this pivotal state agency that means so much to so many of our fellow Guyanese.

To highlight some encouraging developments, the deficit at the Bank of Guyana decreased further on a year-over-year basis, exceeding \$1.5 billion Guyana dollars (from \$6,198 631 731 to \$4 503 855 609). It should be remembered that at the start of 2017, when the tenure of the current chair and board began, the Guyana Gold Board's deficit with the Central Bank was over \$12 billion. It was challenging at times, but strict discipline and ethical oversight strategies helped reduce the debt by about two-thirds. The General Manager, Ms. Eondrene Thompson, and her team are largely responsible for this progress, working closely with guidance from the Board of Directors. We acknowledge her efforts and thank her.

Additionally, the 2019 overall declarations led to a slight 4.12% rise in gold exports compared to 2018. The Gold Board's foreign exchange earnings in 2019 were nearly the same as in 2018, totaling just under US\$104 million (around 21 billion Guyana dollars), all of which was repatriated to Guyana. The final figures were very promising and underscore the crucial role of the Guyana Gold Board in honestly representing the sector's interests, both specifically and for the broader citizenry.

On a concerning note, regarding declarations and exports from Guyana, several issues have been raised about shipments originating there. These have been under intense ongoing scrutiny due to suspected smuggling across our porous borders. These concerns were especially heightened with regard to neighbouring Venezuela, given the current situation in that country. In various high-level local and international regulatory circles, there is and has been a strong suspicion that Guyana's border with Venezuela is being used to smuggle gold to evade American sanctions. The incoming



board will face significant challenges as more intelligence is shared, and additional insights emerge. This will not be an easy task, especially when reports and experiences show that influential players in the sector and the national economy are actively involved. These issues caused ongoing challenges and confrontations in 2019, which were only resolved through a focused prioritization of shared standards. Several standards have been established at the board and management levels and must be maintained through strict and continuous enforcement.

Another positive note was that in 2019, the Gold Board finally moved closer to having a home of its own. As should be known, in 2018, the Guyana Gold Board faced an environment filled with mercury alarms and scares, which forced it to leave its longtime Upper Brickdam location and rent space elsewhere in Georgetown. Intensive efforts, led by the directorate working together with the then government, resulted in land being identified, an architect hired, and designs reviewed and approved—after a concerted effort involving the then minister, the board, and GGB management. As of the end of 2019, preparations were underway for the groundbreaking in early 2020, completing the public tendering process, and announcing the winning bidder. The outgoing board's hope from 2019 was that, with much groundwork already laid, the project would continue toward achieving a modern and permanent home for the Guyana Gold Board.

The 2019 board was strengthened by the return of Bank of Guyana's representative, Ms. Theresa Foster, who was on a leave of absence throughout the life of the 2018 board and was not replaced during that time. Further, Mr. Hewley A. Griffith, practicing attorney at law, joined the board in 2019 as its Deputy Chairman, and immediately made his presence felt. The directorate itself was compelled to work through some severe personnel challenges, which led to change.

On the negative side, the board of directors faced vicious attacks in the media over the licensing of a new dealer in 2019. Unfounded and malicious questions were raised about the board's functioning and the ethics of its licensing decision for the new dealer. All policies and procedures were strictly adhered to, and the relevant files were shared with Cameron & Shepherd, Guyana's oldest law firm. Cameron & Shepherd reviewed the process to ensure compliance with established procedures and consistency in standards applied during the licensing of all gold dealership

applicants. They provided written confirmation that all processes were properly followed, with no favors granted and no inconsistencies whatsoever.

In his farewell Christmas address on behalf of the board to management and staff, the Chairman thanked everyone for helping to bring the Guyana Gold Board to its current position. The Chairman also shared that he would not be returning, and that this was communicated earlier to then-Minister Raphael Trotman. My personal wishes for future health and success go out to fellow board members Messrs. Hewley Griffith, John Yates, Andron Alphonso, Theresa Foster, Newell Denison, and General Manager Eondrene Thompson. It was a pleasure serving them in advancing the best interests of the citizens of this country in the most principled manner.

To former Minister Raphael G. C. Trotman and the previous Government of Guyana, a word of thanks is expressed for the opportunity to present something different and meaningful to Guyana. It is believed that, for the most part, we succeeded. To the current Guyanese leaders, the best is offered.

## **MANAGEMENT REPORT**



### **Introduction**

Yellow metal shone a bit brighter in 2019 than it did in 2018. The Guyana Gold Board continued to play a major role in the nation's development, as Gold remained one of the highest

foreign currency earners, contributing significantly to Guyana's non-oil GDP.

As in previous years, GGB remained resolute in making its sterling contribution to Guyana's economic development. In 2019, foreign exchange earnings totaled

US\$112,007,895.90, which represents 11.7% or US\$11,735,984.84 more than what was earned in 2018.

Additionally, GGB remains committed to executing its mandate, not only trading in gold but also supervising licensed gold dealerships. To this end, an amendment of the legislation was put forward for consideration in the 11th Parliament. Should it be favourably considered by the 12th Parliament and assented to by the President, this would improve GGB's effectiveness in regulating the gold trading sector.

### **Highlights & Lowlights**

2019 saw miners re-enter the gold trading sector; weekly, GGB reactivated clients' accounts that had been inactive for several years. Total declarations for 2019 exceeded those of 2018 by 18,682 ounces, or 3.03%. Small and medium-scale gold producers declared 86,350 ounces, which is 23.86% more than their 2018 output. Declarations by licensed gold dealers increased by 94,903 ounces, or 34.97%, compared to 2018; however, declarations to GGB decreased by 8,553 ounces, or 9.44%.

Guyana Gold Fields and Troy Resources reported a decrease in declarations by 67,668 ounces, or 13.60% and 50.08%, respectively, in 2019 compared to 2018. The two investors stated that they faced significant challenges in finance, management changes, and technical mining mishaps.

### **Market Review**

2019 began with gold priced at US\$1,281.38 per ounce. By the end of the year, the price of gold hovered around \$1,511 per ounce. In between, the price of gold hit a couple of peaks and valleys—but mostly peaks. GGB took advantage of the spikes in gold price.

GGB purchased gold at an average price of US\$1,401.56 and sold it at an average price of US\$1,404.58.

### **Outlook for 2020**

#### **Operations**

GGB showed resilience and recovered from what seemed like a bleak future after skillfully avoiding the potential fallout of mercury contamination in 2018. Prudent management decisions, some technological changes, and strong internal controls were implemented to address the risks of mercury contamination and to assure the health and safety of staff, customers, and people in immediate and distant surroundings.

It is proposed that an office will be established in the Port Kaituma area. Records show that many small and medium-scale miners operate at that location, making it wise to set up an office there. Additionally, many miners have expressed a desire to have the Guyana Gold Board's presence in that area to ensure a safe and transparent process for recording their production in the system. Having an office at that location serves a two-prong purpose: miners will be able to sell their gold, and the regulatory role of the GGB will be fully operational, where miners will be educated about their responsibilities and roles as miners in Guyana.

A key goal for 2020 is to ensure the sector is strongly regulated in preparation for Guyana's fourth round of the mutual evaluation. Focus will be on adequately staffing the compliance unit to effectively oversee licensed gold dealers, particularly regarding compliance with the anti-money laundering and combating the financing of terrorism (AML/CFT) Act.

The management and staff of GGB look forward to owning an edifice that projects the nation's wealth. They hope that the head office will be built and adequately fit all the units to provide an efficient service to the gold mining and trading public.

### **Market**

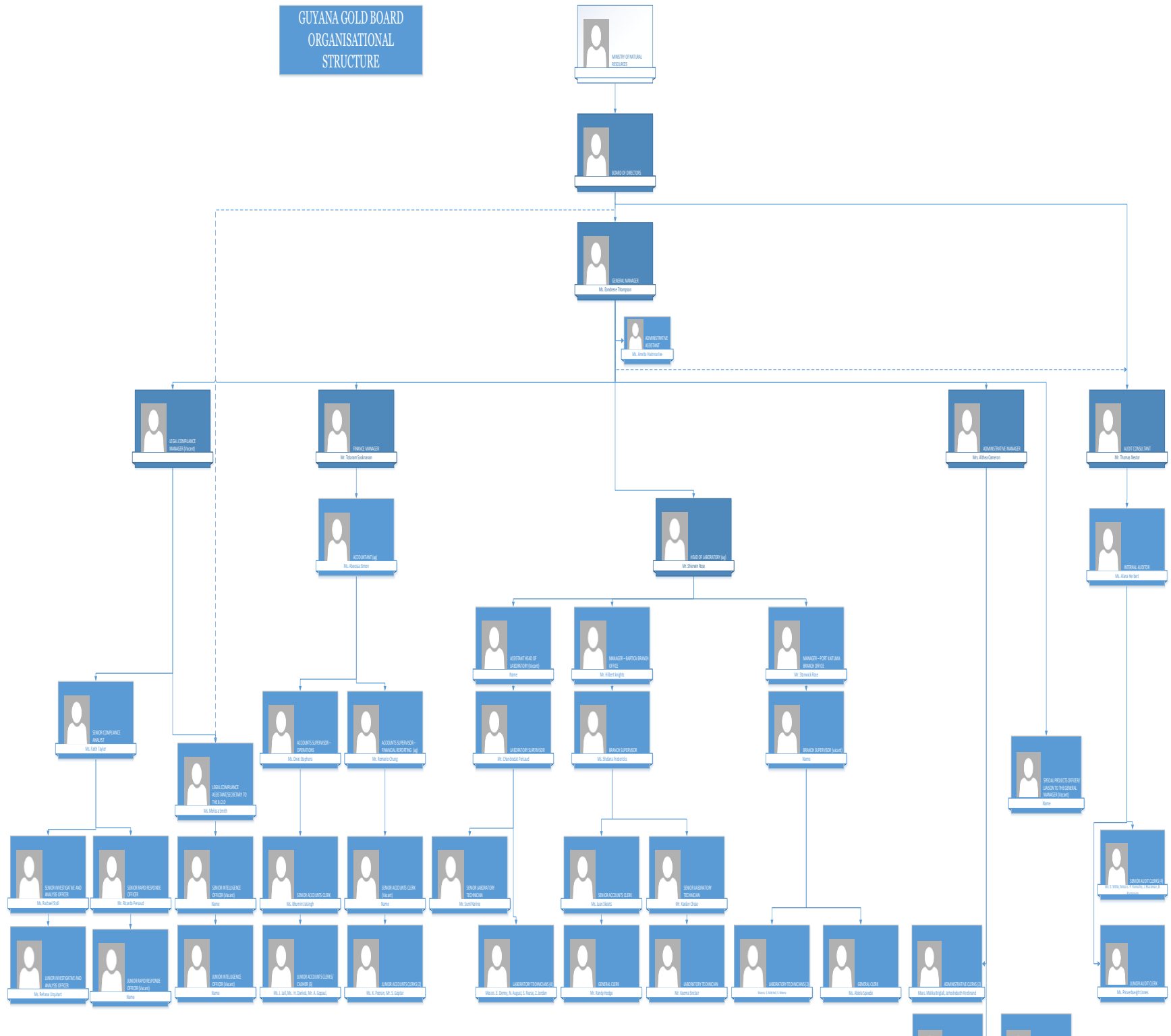
**Gold finished 2019 on a bright note; always a valuable asset, gold is expected to stay expensive in the New Year 2020 as ongoing geopolitical tensions and economic struggles are likely to push the yellow metal even higher, possibly reaching US\$2,000. The conditions are favorable for higher gold prices in 2020. All it takes is a trigger to start the next rally.**

### **Conclusion**

None of this would have been possible without a team that demonstrated commitment, resilience, and focus during a challenging 2018. We remain hopeful that we will successfully implement our strategies for 2020 and ensure a viable Guyana Gold Board.



## GUYANA GOLD BOARD ORGANISATIONAL STRUCTURE



## FINANCIAL AND OPERATING HIGHLIGHTS 2019

GUYANA GOLD BOARD

STATEMENT OF FINANCIAL INCOME FOR THE PERIOD ENDING DECEMBER 31, 2019

GYD (000)

	<b>2019</b>	<b>2018</b>	<b>Inc/ (Dec)</b>	<b>% Change</b>
<b><u>Items</u></b>				
Sales	23,432,860,424.00	21,668,249,146.00	1,764,611,278.00	8.14
Cost of Goods Sold	24,012,699,018.00	21,085,542,808.00	2,927,156,210.00	13.88
Gross Profit	(579,838,594.00)	582,706,338.00	(1,162,544,932.00)	(199.51)
Other Income	185,221,219.00	197,567,148.00	(12,345,929.00)	(6.25)
Operating Profit ( Loss)	(394,617,375.00)	780,273,486.00	(1,174,890,861.00)	(150.57)
Administrative Expenses	(413,153,408.00)	(357,954,150.00)	55,199,258.00	15.42
Net Profit (Loss)	(807,770,783.00)	422,319,336.00	(1,230,090,119.00)	(291.27)

GUYANA GOLD BOARD

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

GYD (000)

	2019	2018	Inc/(Dec)	% Change
<b><u>Items</u></b>				
Non-Current Assets	79,653,020.00	105,833,031.00	(26,180,011.00)	(24.74)
Current Assets	4,108,513,763.00	6,514,696,386.00	(2,406,182,623.00)	(36.93)
Total Assets	4,188,166,783.00	6,620,529,417.00	(2,432,362,634.00)	(36.74)
Total Equities	(10,378,123,238.00)	(9,570,352,455.00)	(807,770,783.00)	8.44
Non-Current Liabilities	8,731,630,794.00	8,731,630,794.00	-	-
Current Liabilities	5,834,659,227.00	7,459,251,078.00	(1,624,591,851.00)	(21.78)
Total Equity and Liability	4,188,166,783.00	6,620,529,417.00	(2,432,362,634.00)	(36.74)

GUYANA GOLD BOARD  
PURCHASES FOR 2019 TROY OUNCES

Period	Total Purchases	Budgeted Purchases
January	6,237.89	15,000.00
February	6,677.26	15,000.00
March	6,551.77	15,000.00
April	6,075.40	15,000.00
May	5,639.34	15,000.00
June	7,392.16	15,000.00
July	7,435.31	13,000.00
August	7,619.97	19,500.00
September	7,573.97	19,500.00
October	7,863.55	19,500.00
November	5,982.64	20,000.00
December	6,985.91	20,000.00
<b>TOTAL</b>	<b>82,035.18</b>	<b>201,500.00</b>

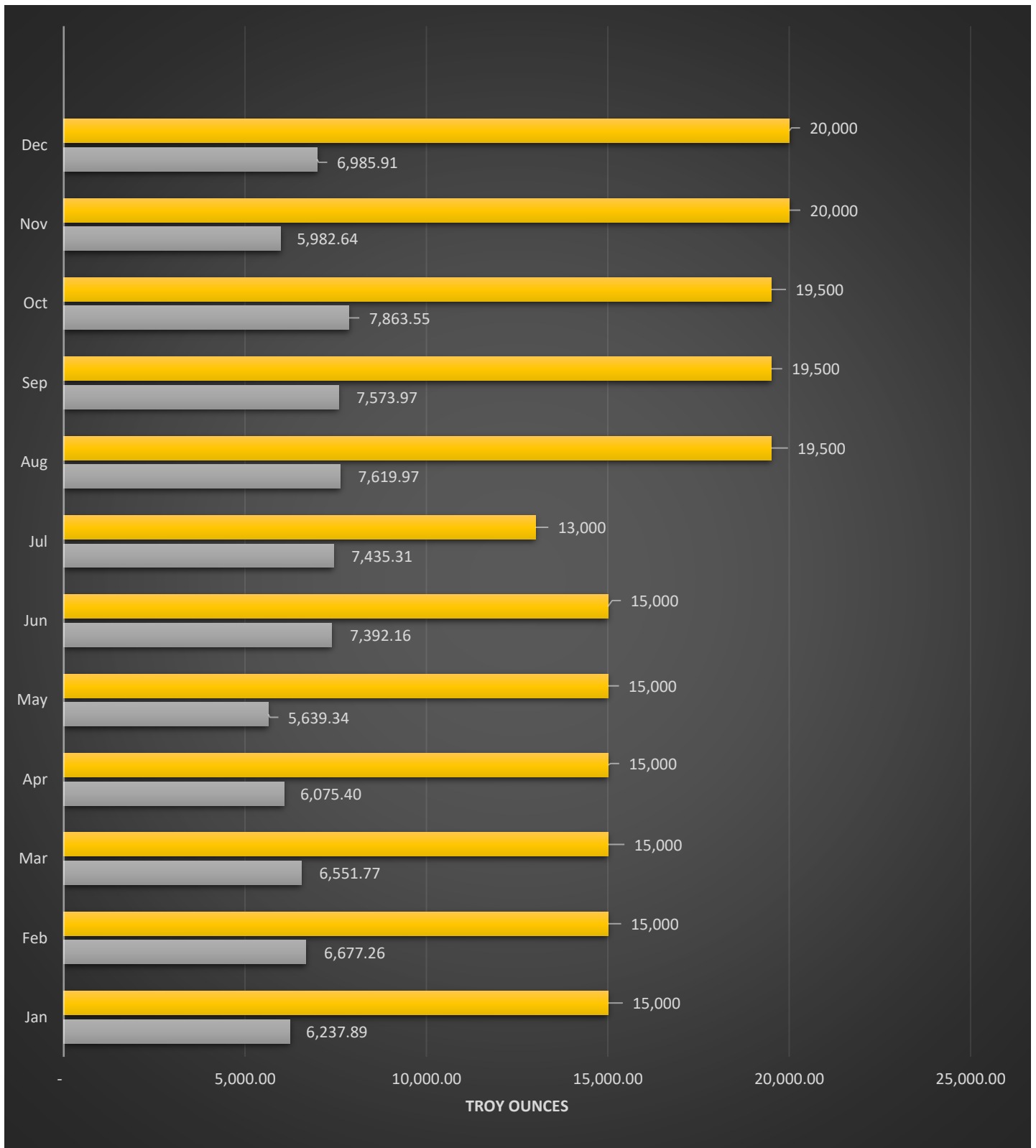
DECLARATIONS AS AT DECEMBER 31, 2019, IN TROY OUNCES

Dealers								
Period	Opening Bal.	Closing Bal.	Exports	Guyana Gold Fields	Troy Resources	GGB	Declarations	YTD
Jan	37,883.72	15,993.58	26,061.06	17,271.32	6,384.62	6,237.89	34,064.75	34,064.75
Feb	15,993.58	14,448.68	26,448.93	10,284.63	2,597.07	6,677.26	44,462.99	78,527.74
Mar	14,448.68	15,884.07	26,275.43	14,608.24	6,635.63	6,551.77	55,506.46	134,034.20
Apr	15,884.07	21,299.27	17,426.41	11,088.12	8,439.25	6,075.40	48,444.38	182,478.58
May	21,299.27	21,855.33	26,428.00	16,922.44	2,343.50	5,639.34	51,889.34	234,367.92
June	21,855.33	13,870.93	41,081.88	13,971.07	4,921.73	7,392.16	59,382.44	293,750.36
July	13,870.93	19,885.50	32,337.72	11,003.43	3,430.05	7,435.31	60,221.08	353,971.45
August	19,885.50	17,029.55	34,897.53	5,778.97	3,421.64	7,619.97	48,862.16	402,833.61
September	17,029.55	21,648.59	27,979.37	9,254.76	3,215.04	7,573.97	52,642.18	455,475.78
October	21,648.59	17,708.79	44,442.15	6,664.40	3,879.60	7,863.55	58,909.90	514,385.69
November	17,708.79	17,856.01	33,526.45	10,766.23	-	5,982.64	50,422.54	564,808.23
December	17,856.01	35,363.04	31,901.46	13,702.19	-	6,985.91	70,096.59	634,904.82
<b>TOTAL</b>			<b>368,806.39</b>	<b>141,315.80</b>	<b>45,268.13</b>	<b>82,035.18</b>	<b>634,904.82</b>	

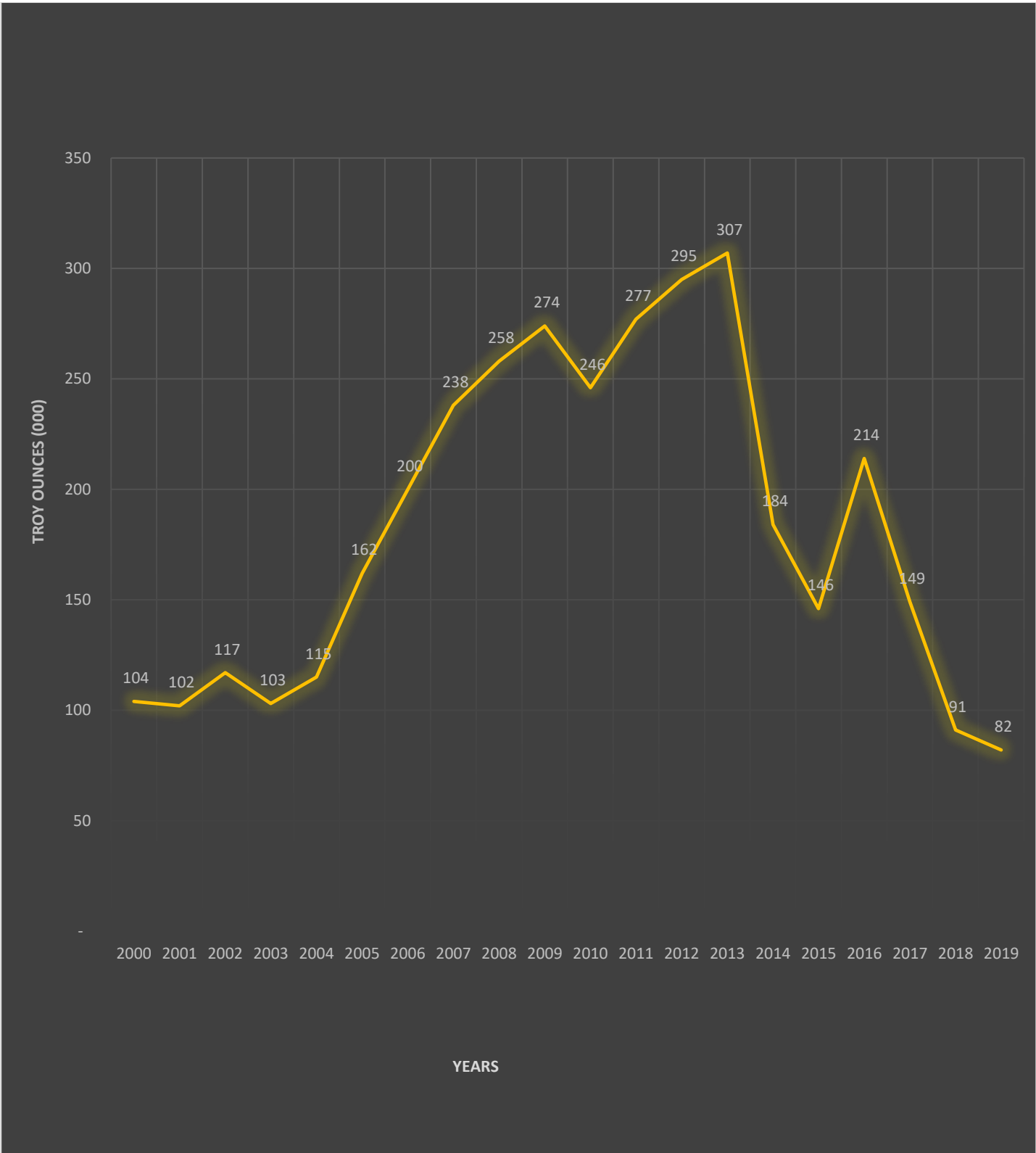
\* The opening dealer's stock balance was increased by 6,923.44 ozs to account for the gold exported in 2018 by Adamantium Metals and returned in 2019 by RCM. The exact amount simultaneously reduced exports for 2018.



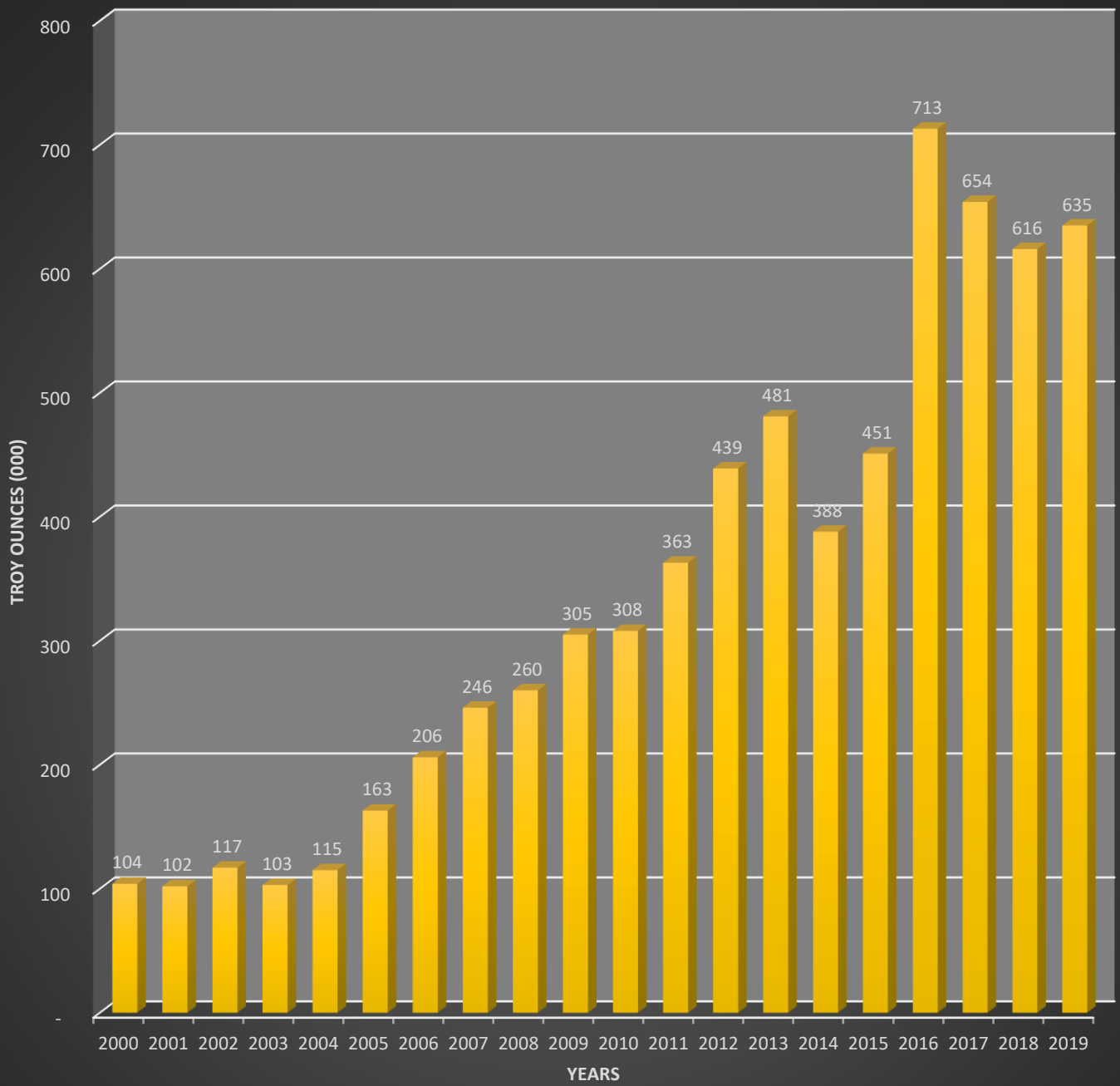
## QUANTITY OF GOLD PURCHASED VS BUDGET 2019



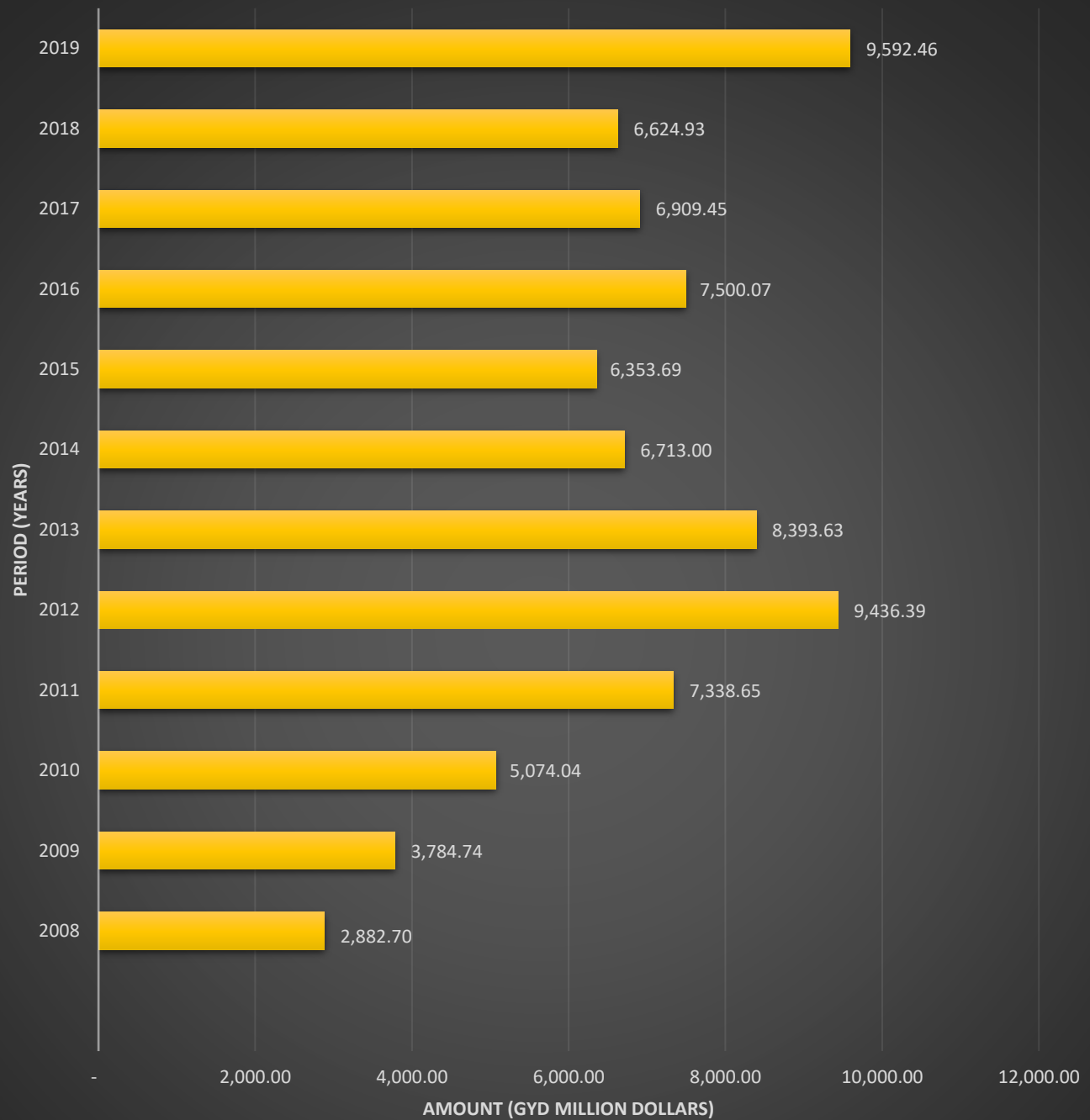
**GOLD PURCHASED (2000-2019)**



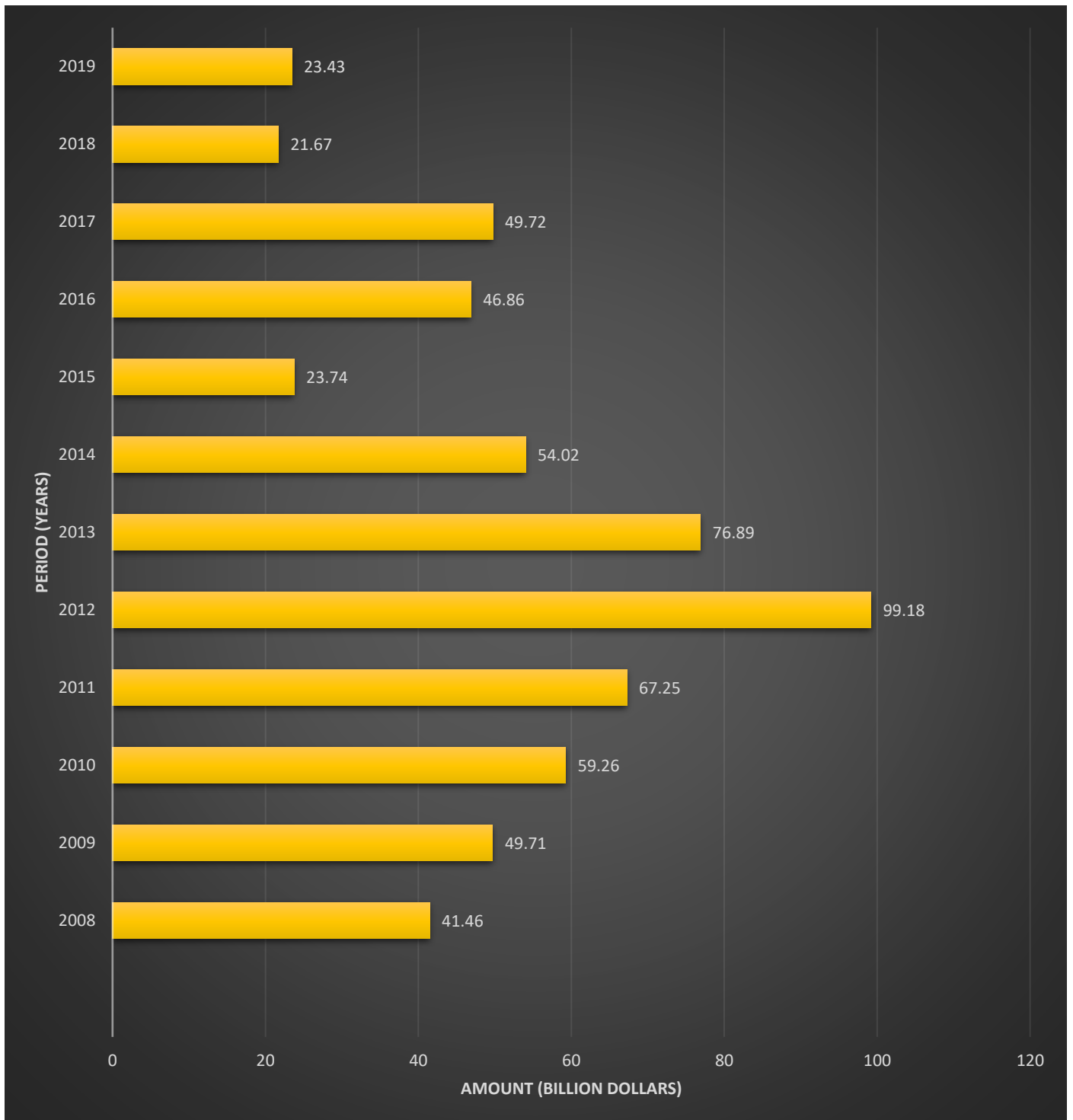
## GOLD DECLARATION (2001-2019)



## ROYALTIES AND TAXES (2008-2019)



## TURNOVER (2008-2019)





On behalf of the 2019 Board of Directors, I want to express how honored we were to serve in Guyana's most vital economic sector, working alongside the Ministry of Natural Resources to shape industry policy. The gold industry remained a natural blessing to the Guyanese economy in 2019, challenging the common belief about the role of natural resources in developing countries.

Output and declarations buoyed in 2019; however, it was confirmed that the sector continued attracting investment and reinvestment, responding to the constructive policies and business environment governing it. Medium-level gold prices supported the upward movement.

The Guyana Gold Board in 2019 benefited from a very constructive and engaging Board of Directors, appointed by the new coalition government. The Board of Directors demonstrated a strong commitment to strengthening and making the sector's regulation more effective by studying and re-examining many old, established practices regarding pricing and buying methods by the Gold Board and the regulatory framework. Indeed, the Board maintained its strong position that the Gold Board is a vital part of the industry in Guyana, ensuring that Guyanese benefit from their country's God-given endowment of El Dorado.

It is hoped that, moving forward, the central role of the Gold Board for small and medium miners and the entire Guyanese economy remains clear, and that these stakeholders continue to support its mandate.

On behalf of the Board of Directors of 2019, we express our thanks again for the privilege of serving in this sector.